

## Empowering State Employees, Enriching Washington's Future



**State government must be adaptable** to the changing needs of the state's 6 million residents and continue to find ways to be more accountable for taxpayer investments.

The Personnel System Reform Act, passed by the Legislature in 2002 with the strong support of employee labor organizations, enables state agencies to consider a new option when thinking about ways to make government more efficient and cost effective.

### **Making Washington More Competitive**

Beginning July 2005, the new law expands an agency or higher education institution's option of contracting for services to include those traditionally and historically provided by state employees, if those services can be done with better results or at a lower cost.

Under competitive contracting, the state must determine that a contract would result in either improved efficiency or cost savings. Organizations will evaluate current process and cost information compared to the best available alternatives. Typically this information alone, when shared with employees, will initiate measurable improvements to the existing system.

### **Employee Opportunities within the Competitive Process**

If the organization elects to bid the work, potentially displaced employees are notified of the business problem or advantage the organization is seeking to address.

Before the organization solicits for bids, potentially displaced employees can formally offer improvements to processes (alternatives) with the use of designated state resources. If accepted, the employee alternatives will be implemented and bids will not be solicited.

Whether or not an agency decides to solicit bids, the goal of competitive contracting is to achieve the best value by finding the most effective and efficient way to deliver government services. The option is designed to help deliver results and provide employees with an opportunity to make improvements and redesign how they do their jobs.

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## **Deciding to Pursue Competition**

In making a decision to pursue competition for a service, it is vital that an agency understands how much a current service costs to deliver. If analysis reveals an opportunity for improving efficiency, further evaluation must ensure the existence of a competitive market — meaning there are two or more entities capable of providing that service. If a competitive market exists, the agency also must consider factors like the risk associated with improper or failed performance.

## **Employee Alternatives**

If an agency decides to proceed with competitive contracting, potentially displaced employees would be notified at least 90 days before an agency solicits bids. Those employees would have the opportunity during the first 60 days to offer alternatives to contracting. If the agency accepts the alternatives, the solicitation of bids is put aside. If the agency decides to proceed, employees can form one or more employee business units, known as EBUs, to compete with other bidders for the work.

## **How an Employee Business Unit Works**

An EBU has the potential to determine its structure, salaries, work rules, training and other accommodations to support its success. Employees in an EBU will remain state employees and keep the same pension and health benefits as other employees. The agency would evaluate all bidders and award the contract to the best proposal. If an agency awards a contract to a private company or nonprofit organization, the winning bidder is required to consider hiring displaced state workers.

## **Getting Results**

Competitive contracting challenges state employees and the private sector to improve services and get better results for the public at a competitive price.

## **Major Competitive Contracting Milestones**

- ★ The Department of General Administration has written the rules that govern competitive contracting. The final rules were adopted in March 2004 after General Administration gathered comments from state employees, business and labor representatives and others.
- ★ The director of the Department of Personnel will adopt rules covering Employee Business Units on July 29, 2004.
- ★ General Administration currently is working with the Department of Personnel to develop training to teach employees how to make a competitive bid.
- ★ General Administration is writing a manual that covers all of the competitive contracting processes. The manual is now being reviewed and is scheduled for completion by fall 2004.

## **More Information**

The Washington Works website at [www.washingtonworks.wa.gov](http://www.washingtonworks.wa.gov) is the key source for current and regularly updated information about the various elements of personnel reform.